

CITY OF FALLS CHURCH, OFFICE OF REAL ESTATE ASSESSMENT**INSTRUCTIONS FOR COMPLETING
INCOME AND EXPENSE SURVEY FORM
OFFICE/RETAIL**

The following instructions are provided to aid you in filling out this survey form. If you have any questions, please call this office at (703) 248-5022 (TTY 711).

A. Debt Service Information

Please provide information in regard to any loan placed on this property within the last five years. Please include any new loans or refinancing of original debt. This information is requested to study the financing trends for this property type to determine typical debt coverage ratios. By obtaining this information we may also be able to see if your particular property is unusual in its financial arrangements.

B. Certification

Certification of this information by the owner or officially authorized representative is required by state law (Code of Virginia 58.1-3294). A copy of this code will be provided upon request. Please print or type the name and title of the person certifying the information. Also provide the name and phone number of the person to contact with questions about the information.

C. Vacancy Information

1. Please provide the amount of vacant space, in square feet, available for lease on January 1 of the current year.
2. Please provide the amount of vacant space, in square feet, available for lease on January 1 of the previous year.
3. Please provide the estimated income loss due to the vacancy reported in questions 1 and 2 above.
4. Please provide the actual income loss from collection, or bad debts.
5. For the vacant space listed on question 1, please provide the current asking rent for this space. If the asking rent **is Not** full service place an asterisk (*) adjacent to it.

The vacancy data provided is used in determining vacancy patterns for this property type.

D. Income Information

Please enter the period covered by this income and expense statement.

Primary rental income – Enter the actual income from rental of space. This is actual gross rent received from the property.

Sales of utilities – Income from the sale of utilities and services in addition to actual rent income. Usually these are cost reimbursements by the tenants over and above the base rent.

Rent overage/ % rent – Rents received over and above the guaranteed rental in accordance with the terms of the lease.

Common area maintenance reimbursement – Total income received from tenants for their share of the common area maintenance.

Income Information – continued

Interest income – Income to this property from interest earned on capital improvement accounts, reserve accounts and monthly management operating accounts.

Insurance reimbursement – Monies paid to owner for insurance claims.

Operating expense reimbursement – Income to the property from the tenants' prorata share of operating expenses (pass-throughs), usually above a base amount or expense stop as specified in the terms of the lease.

Real estate tax reimbursement – Income to the property from the tenants' prorated share of real estate taxes (pass-throughs), usually above a base amount or real estate tax stop as specified in the terms of the lease.

Parking income – Any rental income received for garage and/or surface parking spaces.

Antenna/telecommunication income – Income received from leasing portion of premises for erection of telecommunication equipment.

Other rental income (specify) – Rental income for any specially designated space which is not covered by the categories listed above. Specify the type of space to which the income relates.

Miscellaneous income (specify) – Any additional income received not covered in another category. Specify the type or source of income.

Total actual income received – Sum of all income items.

E. Capital Improvements, Renovations

Capital expenditures are investments in remodeling or replacements that materially add to the value of the property, or appreciably prolong its economic life. Generally, expenditures on materials or equipment with a life of more than one year should be considered capital and included here. If this section applies to your property, please answer yes and list on an attached sheet the items considered to be capital improvements. Enter the total amount of the capital cost for this reporting period only. For each line enter a description of the improvements, the total cost and the life of the improvements in years. The life of the improvements is the number of years the improvement will last, or the number of years over which it will be amortized. This section helps to compile maintenance expenses data for each property type.

Deferred Maintenance items should include major building components, which currently need repair. If this property has such needed maintenance, please include an itemized listing of the individual items, along with repair cost estimates.

Leasing Commission costs should include the total leasing commissions paid by the landlord for the reporting period.

Tenant Improvement costs should include the total cost of the tenant refit paid by the landlord for the reporting period.

New Construction - Attach most recent AIA G702 and G703 documents to include all hard and soft costs.

F. Annual Operating Expenses

These are expenses necessary to maintain the production of income from operation of the property. Do not include under any expense category items such as ground rent, mortgage interest or amortization, depreciation, personal property tax, income taxes, or capital expenditures. These are not operating expenses. Please include here all other expenses to the property, including those reimbursed by the tenants.

1. Utilities

Water and sewer – Cost of water and sewer services for this reporting period.

Electricity – Total electrical expense.

Other utility (specify) – If more than one type of fuel is used, indicate type and total cost.

2. Maintenance and Repairs

Maintenance payroll/supplies – Payroll expenses for maintenance staff, and expenses for maintenance supplies.

HVAC repairs – Maintenance and repair expense for heating, ventilating and air-conditioning. Do not include capital repairs.

Electric/plumbing repairs – Maintenance and repair expense for electric and/or plumbing systems.

Elevator repairs – Maintenance expense for elevator repairs.

Roof repairs – Minor repair and routine maintenance expense of roof. Do not enter the cost to replace entire roof. Roof replacement is a capital expense, which should be shown in Section E.

Decorating common area or exterior repairs (carpet, paint, etc.) – Repairs to the outside of the property not covered elsewhere. Do not include capital items.

Other repairs/maintenance – Maintenance and repair expense not covered in another category. Please specify type of maintenance and/or repair. Do not include capital items.

3. Management and Administrative

Management fees – Amount paid to a management company or self for operating the building. Do not count management expenses here if the same administrative costs are shown elsewhere.

Other administrative/payroll – Includes advertising, administrative payroll, office supplies, accounting and legal fees. (Please detail each line item. If necessary attach separate sheet).

4. Services

Janitorial/cleaning (payroll/contract) – Janitorial and cleaning expenses for the property.

Landscape (grounds maintenance) – Landscaping or grounds keeping service expenses.

Trash – Expense for trash service.

Annual Operating Expenses – continued

Security – Expense for security service, guards, etc.

Window Cleaning – Expense for cleaning windows.

Snow removal – Expense for snow removal service.

Other Services – Anything not included above.

5. Insurance and Taxes

Insurance – (reporting period only) Some insurance policies are multi-year contracts. Please include only one year's cost.

Other taxes, fees, HOA – This includes business license tax, personal property taxes, and other taxes, exclusive of real estate taxes.

Total Operating Expenses - Sum of all operating expenses.

G. Net Operating Income Before Real Estate Taxes

Income to the property after all fixed and operating expenses are deducted, but before deducting mortgage interest and depreciation (i.e., total actual income received less total operating expenses, before real estate taxes).

H. Real Estate Taxes

Amount paid in real estate taxes for this reporting period. This should reflect any adjustments made in the assessment for the period. Do not include personal property taxes.

I. Tenant Inventory Information

1. **Tenant name** – Please indicate the tenant and suite number for each leased space. Also indicate each vacant space and its suite number. If lease is not Full Service, place an asterisk (*) adjacent to it.
2. **Amount of floor space leased** – The square feet of space specified in the lease.
3. **Lease dates** – The effective beginning and ending dates for the leases of the current tenants.
4. **Original annual base rent amount** – The original base (face) rent for the first year of the current lease in total dollars. This amount does not include escalations or reimbursements for any expenses, nor does it include adjustments for free rent or concessions. This amount should be reported on an annualized basis.
5. **Current annual rent amount** – The current amount of rent now being paid for this reporting period. This amount includes CPI or percentage escalations but does not include reimbursements for utilities, common area expenses, or taxes. This amount should also be reported on an annualized basis.
6. **Rent escalations (Fixed or CPI)** – Show the percentage increase or CPI factor (Consumer Price Index) from the escalation clause in the lease. The additional income generated by the escalation clause in the lease for this period should be included in current rent.

Tenant Inventory Information - continued

7. **Overage or percentage rent** – If the lease calls for a percentage of gross profits or a percentage of profits over a stated amount, show the amount of excess rent in dollars paid this period.
8. **Expense stop** – Indicate any expense stop. This is the amount of expenses, usually expressed in dollars per square foot that the landlord has agreed to include in the basic rent. If there is no expense stop and the tenant pays common area maintenance and/or real estate taxes separately, write “none” here and show these amounts in the appropriate columns.
9. **Amount paid in excess of expense stop** – The amount paid by the tenant for expenses in excess of the agreed upon expense stop.
10. **Common area maintenance** – The annual expense paid by tenant to maintain common areas that are not designed for lease, e.g., parking, sidewalks, landscaped areas, hallways, public restrooms, etc. If common area maintenance is paid separately or not included in the expense stop, show that total dollar amount.
11. **Real estate taxes** – If real estate taxes are reimbursed by the tenant, show the annual amount.
12. **Months free rent** – If there was a period of free rent agreed upon in the lease, show the number of months here. If there was a flat dollar amount, indicate that amount on a separate sheet. Indicate the total amount for the lease term.
13. **Total leasing commission** – If a fee was paid to a leasing company for obtaining a tenant; indicate the amount paid for the entire term of the lease.
14. **Landlord paid build out costs** – If there have been substantial build out costs associated with this lease paid by the landlord, and those costs are not being reimbursed separately by the tenant, indicate the amount.